GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5280
ANSWERED ON:22.12.2000
INSPECTION OF BANKS BY RBI
PRABHUNATH SINGH

Will the Minister of FINANCE be pleased to state:

to the reply given to Unstarred Question No. 2916 on December 17, 1999 and state :

(a) whetherthe inspected banks have taken action on the inspection reports and submitted the action taken reports to the RBI;

(b) if so, how many banks, public and private, were visited by RBI in the last threeyears and how many of them have submitted the ATRs; and

(c) the action taken by RBI on the ATRs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATH) :

(a) to (c) Reserve Bank of India has reported that it conducts Annual Financial Inspectionof banking companies under Section 35 ofthe Banking Regulation Act, 1949. through its Regional Offices with a view to assessing their financial strength. These inspection reports are issued to the concerned banks and the banks` comments thereon are sought. The banks are required to take corrective action for rectifying the irregularities revealed by the inspection report. Major supervisory concerns based on the findings ofthe inspection report are conveyed to the top management of the banks. The inspection reports are required to be placed before the banks` Board of Directors. The major findings ofthe reports are also discussed by RBI officials with the top management ofthe banks. RBI also prescribesspecific Monitorabie Action Plan (MAP) for rectification and a memorandum cased on thefindings of the inspection report is placed before the Board for Financial Supervision.The numberof public sector and private sector banks inspected by Reserve Bank of India during the last three years is given below :

Category	1997-98	1998-1999	1999-2000
Public Sector Banks	27	26	27
Private Sector Banks	35	35	33

All these banks have submitted the compliance reports.